

**EUROSPAN HOLDINGS BERHAD (351927-M)**

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2019**

	<b>(Unaudited) 31-May-19 RM'000</b>	<b>(Audited) 31-May-18 RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	20,585	21,481
Other investments	4,903	7,373
<b>Total non-current assets</b>	<u>25,488</u>	<u>28,854</u>
Inventories	16,487	11,793
Trade and other receivables	4,979	9,547
Tax recoverable	138	462
Cash and cash equivalents	8,425	6,925
<b>Total current assets</b>	<u>30,029</u>	<u>28,727</u>
<b>TOTAL ASSETS</b>	<u><u>55,517</u></u>	<u><u>57,581</u></u>
<b>EQUITY</b>		
Share capital	52,796	52,796
Reserves	(9,976)	(6,021)
<b>Total equity attributable to owners of the Company</b>	<u>42,820</u>	<u>46,775</u>
<b>LIABILITIES</b>		
Provision for gratuity benefit	2,437	1,475
Borrowings	184	253
Deferred tax liabilities	-	155
<b>Total non-current liabilities</b>	<u>2,621</u>	<u>1,883</u>
Borrowings	1,471	597
Trade and other payables	8,605	8,326
<b>Total current liabilities</b>	<u>10,076</u>	<u>8,923</u>
<b>Total liabilities</b>	<u>12,697</u>	<u>10,806</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>55,517</u></u>	<u><u>57,581</u></u>
Net assets per share (sen)	96.40	105.30

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2018.)

(The notes set out on pages 5 to 10 form an integral part of, and, should be read in conjunction with, this interim financial report.)

**EUROSPAN HOLDINGS BERHAD (351927-M)**

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31-May-19 RM'000	3 months ended 31-May-18 RM'000	12 months ended 31-May-19 RM'000	12 months ended 31-May-18 RM'000
<b>Continuing operations</b>				
Revenue	10,846	15,689	48,077	60,241
Cost of sales	(10,392)	(13,834)	(40,983)	(52,318)
<b>Gross profit</b>	454	1,855	7,094	7,923
Selling and distribution expenses	(400)	(585)	(2,260)	(2,334)
Administrative expenses	(1,940)	(2,113)	(8,744)	(8,401)
Finance costs	(47)	(50)	(195)	(208)
Other operating expenses	(341)	(28)	(354)	(28)
Other incomes	74	168	356	1,372
<b>Loss before tax</b>	(2,200)	(753)	(4,103)	(1,676)
Taxation	(87)	232	148	293
<b>Loss after tax for the year</b>	(2,287)	(521)	(3,955)	(1,383)
Other comprehensive income/(loss) for the year	107	(127)	-	(201)
<b>Total comprehensive loss for the year</b>	<u>(2,180)</u>	<u>(648)</u>	<u>(3,955)</u>	<u>(1,584)</u>
Loss after tax attributable to :				
Owners of the Parent	(2,287)	(521)	(3,955)	(1,383)
Minority interest	-	-	-	-
Loss after tax for the year	<u>(2,287)</u>	<u>(521)</u>	<u>(3,955)</u>	<u>(1,383)</u>
Total comprehensive loss attributable to :				
Owners of the Parent	(2,180)	(648)	(3,955)	(1,584)
Minority interest	-	-	-	-
Total comprehensive loss for the year	<u>(2,180)</u>	<u>(648)</u>	<u>(3,955)</u>	<u>(1,584)</u>
Basic loss per ordinary share (sen)	(5.15)	(1.17)	(8.90)	(3.11)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2018.)

(The notes set out on pages 5 to 10 form an integral part of, and, should be read in conjunction with, this interim financial report.)

**EUROSPAN HOLDINGS BERHAD (351927-M)**

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019 (UNAUDITED)**

	<u>Non Distributable</u>				
	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Accumulated losses RM'000	Total RM'000
<b>Balance as at 1 June 2017</b>	52,796	-	269	(4,706)	48,359
Total comprehensive loss for the year	-	-	(201)	(1,383)	(1,584)
<b>Balance as at 31 May 2018</b>	<b>52,796</b>	-	<b>68</b>	<b>(6,089)</b>	<b>46,775</b>
<b>Balance as at 1 June 2018</b>	52,796	-	68	(6,089)	46,775
Adjustment on initial application of MFRS 9	-	-	(68)	68	-
Total comprehensive loss for the year	-	-	-	(3,955)	(3,955)
<b>Balance as at 31 May 2019</b>	<b>52,796</b>	-	-	<b>(9,976)</b>	<b>42,820</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2018.)

(The notes set out on pages 5 to 10 form an integral part of, and, should be read in conjunction with, this interim financial report.)

**EUROSPAN HOLDINGS BERHAD (351927-M)**

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019 (UNAUDITED)**

	<b>Cumulative Quarters</b>	
	<b>12 months ended</b>	
	<b>31-May-19</b>	<b>31-May-18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(4,103)	(1,676)
Adjustments for :		
Depreciation	1,947	1,891
Fair value loss on derivatives	406	290
Fair value loss on other investment	45	-
Loss on disposal of property, plant and equipment	24	-
Interest expense	52	66
Interest income	(308)	(674)
Property, plant and equipment written off	-	28
Provision for gratuity benefit	962	120
Gain on foreign exchange - unrealised	(348)	(668)
Operating loss before working capital changes	<u>(1,323)</u>	<u>(623)</u>
Increase in inventories	(4,694)	(350)
Decrease/(Increase) in receivables	4,647	(1,743)
(Decrease)/increase in payables	<u>(140)</u>	<u>406</u>
Cash used in operations	(1,510)	(2,310)
Income tax paid	(71)	(131)
Income tax refunded	388	-
Interest paid	(52)	(66)
Interest received	<u>308</u>	<u>674</u>
Net cash used in operating activities	<u>(937)</u>	<u>(1,833)</u>
<b>Cash flows from investing activities</b>		
Acquisition of other investments	(500)	(3,031)
Purchase of property, plant and equipment	(1,091)	(1,122)
Proceeds from other investments	2,925	3,400
Proceeds from disposal of property, plant & equipment	16	-
Net cash generated from/(used in) investing activities	<u>1,350</u>	<u>(753)</u>
<b>Cash flows from financing activities</b>		
Short term borrowing drawdown/(repayment)	863	(1,588)
Net repayment of hire purchase payables	(66)	(32)
Net cash generated from/(used in) financing activities	<u>797</u>	<u>(1,620)</u>
Net change in cash and cash equivalents	1,210	(4,206)
Effects of changes in exchange rates	290	515
Cash and cash equivalents at beginning of the year	<u>6,925</u>	<u>10,616</u>
Cash and cash equivalents at end of the year	<u><u>8,425</u></u>	<u><u>6,925</u></u>
Cash and cash equivalents at end of the year consist of :		
Short term funds	3,054	548
Cash and bank balances	<u>5,371</u>	<u>6,377</u>
	<u><u>8,425</u></u>	<u><u>6,925</u></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2018.)

(The notes set out on pages 5 to 10 form an integral part of, and, should be read in conjunction with, this interim financial report.)

# **EUROSPAN HOLDINGS BERHAD (351927-M)**

(Incorporated in Malaysia)

## **AND ITS SUBSIDIARIES**

### **EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2019**

#### **PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING**

##### **A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in compliance with MFRS 134, Interim Financial Reporting and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Listing Requirements of Bursa Malaysia Securities.

This interim financial report should be read in conjunction with the Group's annual audited financial statements for the year ended 31 May 2018. These explanation notes attached to the interim financial report provides an explanation of events and transactions that are significant for an understanding of the financial position and performance of the Group since the financial year ended 31 May 2018.

##### **(A) Adoption of Amendments/Improvements to MFRS**

###### **Effective for annual periods beginning on or after 1 January 2018**

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts)

Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures

Amendments to MFRS 140 Investment Property: Transfers of Investment Property

Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12

Disclosure of Interests in Other Entities)

IC Interpretation ("IC Int") 22 Foreign Currency Transactions and Advance Consideration

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Three principal classifications categories for financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

There were no material impact on the Group's financial assets upon initial application of the new classification and measurement requirements.

MFRS 9 also replaces the incurred loss model in respect of impairment assessment of MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances are measured on either a 12-month ECL or a Lifetime ECL.

There were no material impact on the Group's consolidated financial statements upon application of the forward-looking ECL model.

# **EUROSPAN HOLDINGS BERHAD (351927-M)**

(Incorporated in Malaysia)

## **AND ITS SUBSIDIARIES**

### **EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2019**

#### **PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING**

##### **A1. Basis of Preparation (Cont'd)**

###### **(A) Adoption of Amendments/Improvements to MFRS (Cont'd)**

MFRS 15 Revenue From Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Int 13 Customer Loyalty Programmes, IC Int 15 Agreements for Construction of Real Estate, IC Int 18 Transfers of Assets from Customers and IC Int 131 Revenue – Barter Transactions Involving Advertising Services. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

There was no material impact on the Group's consolidated financial statements upon application of MFRS 15.

###### **(B) Standards Issued But Not Yet Effective**

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

###### **Effective for annual periods beginning on or after 1 January 2019**

MFRS 16 Leases

Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures

IC Int 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle

###### **Effective for annual periods beginning on or after 1 January 2020**

Amendments to References to the Conceptual Framework in MFRS Standards

###### **Effective for annual periods beginning on or after 1 January 2021**

MFRS 17 Insurance Contracts

###### **Effective date yet to be confirmed**

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The existing MFRS 4 and Amendments to MFRS 4 will be withdrawn upon the adoption of the new MFRS 17 which will take effect on or after 1 January 2021.

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption.

# **EUROSPAN HOLDINGS BERHAD (351927-M)**

(Incorporated in Malaysia)

## **AND ITS SUBSIDIARIES**

### **EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2019**

#### **PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING**

##### **A2. Qualification of Financial Statements**

The auditors' report of the preceding annual financial statements was not qualified.

##### **A3. Seasonal or Cyclical Factors**

The principal business of the Group was not significantly affected by any seasonal or cyclical factors in the current quarter.

##### **A4. Exceptional and Extraordinary Items**

There were no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

##### **A5. Changes in Estimates**

There were no major changes in estimates from those of the prior financial year which have a material effect in the current financial year ended 31 May 2019.

##### **A6. Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities, share-buy-backs, share-cancellations, shares held as treasury shares and resale of treasury shares during the current financial year ended 31 May 2019.

##### **A7. Dividends Paid**

No dividends were paid during the current financial year ended 31 May 2019.

##### **A8. Segmental Information**

The Group is principally engaged in the manufacturing and trading of furniture and wood-based products. Segmental information has therefore not been prepared as the Group's revenue and operating profit are mainly confined to one business segment.

##### **A9. Material Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the balance sheet date up to the date of this report.

##### **A10. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current financial year ended 31 May 2019.

# EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

## AND ITS SUBSIDIARIES

### EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

#### PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING

##### A11. Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at the date of this report.

##### A12. Capital Commitment

There was no capital commitment as at date of this announcement.

#### PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN MARKET LISTING REQUIREMENT

##### B1. Review of Performance

###### Current Quarter

The Group recorded revenue of RM10.85 million for the current financial quarter ended 31 May 2019 compared to the revenue of RM15.69 million in the preceding year corresponding financial quarter ended 31 May 2018. The Group registered a loss before tax of RM2.20 million compared to a loss before tax of RM0.75 million in the preceding year corresponding financial quarter ended 31 May 2018. The loss before tax was mainly due to product mix.

###### Financial year-to-date

The Group recorded revenue of RM48.08 million for the current financial year ended 31 May 2019 compared to the revenue of RM60.24 million in the preceding year corresponding period. The Group registered a loss before tax of RM4.10 million in the current financial year compared to preceding year corresponding period of RM1.68 million. The higher loss before tax was mainly due to product mix.

##### B2. Comparison with Preceding Quarter's Results

	<b>Current Quarter 31-May-2019 RM'000</b>	<b>Immediate Preceding Quarter 28-Feb-2019 RM'000</b>	<b>Changes Amount RM'000</b>
Revenue	10,846	10,890	(44)
(Loss)/profit before tax	(2,200)	39	(2,239)
Basic (loss)/earnings per ordinary share (sen)	(5.15)	0.06	(5.21)

The Group recorded revenue of RM10.85 million for the current financial quarter ended 31 May 2019 compared to the revenue of RM10.89 million in the immediate preceding quarter ended 28 February 2019. The Group registered a loss before tax of RM2.20 million compared to a profit before tax of RM0.039 million in the immediate preceding quarter. The loss before tax was mainly due to product mix.



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**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019****PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN  
MARKET LISTING REQUIREMENT****B3. Current Year Prospects**

The Group will continue to be cautious on the challenges ahead. The management will continue its effort in improving its operating results for the next financial year ending 31 May 2020.

**B4. Profit Forecast**

Not applicable as the Company did not provide any profit forecast.

**B5. Tax Expense**

	Individual Quarter		Cumulative Quarters	
	3 months Ended 31-May-19 RM'000	3 months Ended 31-May-18 RM'000	12 months Ended 31-May-19 RM'000	12 months Ended 31-May-18 RM'000
Current tax expense				
Malaysia - current	2	7	7	34
- prior year	(2)	-	-	-
Deferred tax expense				
Malaysia - current	24	(239)	(218)	(287)
- prior year	63	-	63	(40)
	<u>87</u>	<u>(232)</u>	<u>(148)</u>	<u>(293)</u>

**B6. Status of Corporate Proposal Announced**

There were no corporate proposals as at the date of this report.

**B7. Group Borrowings and Debt Securities**

The Group borrowings and debt securities were as follows:

	31-May-19 RM'000	31-May-18 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	69	66
Trust receipts	1,402	531
	<u>1,471</u>	<u>597</u>
Long term borrowings – unsecured		
Hire Purchase Payables	184	253

Hire purchase payables are denominated in Ringgit Malaysia (RM) and trust receipts are denominated in EURO currency.

**EUROSPAN HOLDINGS BERHAD (351927-M)**

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019****PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN  
MARKET LISTING REQUIREMENT****B8. Derivative Financial Liabilities**

Details of outstanding derivative financial instruments as at 31 May 2019:

Foreign Exchange Forward Contracts: Within 1 year	Value RM'000	Fair Value RM'000	Loss RM'000
- Used to hedge trade receivables	19,788	20,192	(404)
- Used to hedge trade payables	414	412	(2)
			<u>(406)</u>

Forward foreign exchange contracts are entered into with licensed banks to hedge part of the Group's sales and purchases from exchange rate movements.

**B9. Changes in Material Litigation**

There were no material litigations pending as at the date of this report.

**B10. Dividends**

The directors do not recommend the payment of any dividend for the current financial year ended 31 May 2019.

**B11. Earnings Per Share**

Basic earnings per share amounts are calculated by dividing profit for the period/year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period/year.

	Individual Quarter		Cumulative Quarters	
	3 months Ended 31-May-19 RM'000	3 months Ended 31-May-18 RM'000	12 months Ended 31-May-19 RM'000	12 months Ended 31-May-18 RM'000
Loss attributable to owners of the parents	<u>(2,287)</u>	<u>(521)</u>	<u>(3,955)</u>	<u>(1,383)</u>
	Number of shares '000	Number of shares '000	Number of shares '000	Number of shares '000
Weighted average number of ordinary share in issue	<u>44,421</u>	<u>44,421</u>	<u>44,421</u>	<u>44,421</u>
Basic loss per share (sen)	<u>(5.15)</u>	<u>(1.17)</u>	<u>(8.90)</u>	<u>(3.11)</u>

**EUROSPAN HOLDINGS BERHAD (351927-M)**

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019****PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN  
MARKET LISTING REQUIREMENT****B12. Additional Disclosures**

Included in the condensed consolidated statement of comprehensive income for the period/year are the followings:

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31-May-19</b>	<b>31-May-18</b>	<b>31-May-19</b>	<b>31-May-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation	495	488	1,947	1,891
Fair value loss on derivatives	380	315	406	290
Fair value loss on other investment	45	-	45	-
Net gain on foreign exchange - unrealised	(618)	(171)	(348)	(668)
Net loss/(gain) on foreign exchange - realised	465	(235)	217	(297)
Interest expense	22	17	52	66
Interest income	(68)	(71)	(308)	(674)
Loss on disposal of property, plant and equipment	-	-	24	-
Gain on disposal of other investment	-	-	(22)	(13)
Property, plant and equipment written off	-	28	-	28
Rental income	(6)	(3)	(26)	(9)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
31 July 2019